

## DEPARTMENT OF STATE REVENUE

**Information Bulletin #33**  
**Sales Tax**  
**July 2014**  
**Effective Date: Upon Publication**  
**(Replaces Bulletin #33 Dated May 2008)**

**SUBJECT:** Exemption from the Retail Sales Tax on Unitary Transaction of Seven Cents (\$.07) or Less

**REFERENCES:** [IC 6-2.5-2-2](#); [IC 6-2.5-6-8](#)

**DISCLAIMER:** Information bulletins are intended to provide non-technical assistance to the general public. Every attempt is made to provide information that is consistent with the appropriate statutes, rules and court decisions. Any information that is inconsistent with the law, regulations, or court decisions is not binding on either the Department or the taxpayer. Therefore, information provided in this bulletin should serve only as a foundation for further investigation and study of the current law and procedures related to its subject matter.

**SUMMARY OF CHANGES**

Aside from nonsubstantive, technical changes, this version of the bulletin has been changed to provide that a seller has the option of rounding the tax on an item basis, or an invoice basis. Prior to July 1, 2014 a seller had to round on an invoice basis. This change is required to be in compliance with the Streamlined Sales & Use Tax Agreement.

Effective April 1, 2008 unitary transactions in the amount of one cent (\$.01) to seven cents (\$.07) are not subject to sales tax.

A "unitary transaction" includes all items of property and/or services, whether or not such services would otherwise be taxable, furnished pursuant to a single order or agreement and for which a total combined charge or selling price is computed for payment.

**EXAMPLE**

Item	Price	Tax per Item Basis	Tax on Total Invoice
Washer	\$0.05	\$0.00	
Bolt	\$0.06	\$0.00	
Bolt	\$0.11	\$0.01	
Washer	\$0.04	\$0.00	
Totals	\$0.26	\$0.01	\$0.02

The retail merchant may elect to round the tax on an item by item basis or based on the amount of the total invoice. However, a retail merchant may not round the tax on an item by item basis with the intent to avoid charging the tax that would otherwise be imposed the total invoice.

Items of one cent (\$.01) to seven cents (\$.07) purchased or paid for at one time are not exempt if the total sale or sales are more than seven cents (\$.07).

Registered retail merchants recording and accounting for such sales (i.e., unitary sales of seven cents [\$.07] or less) separately may deduct the amount of such sales.

When record keeping and recording procedures are such that it would not be practical or feasible to maintain actual records of unitary transactions of one cent (\$.01) to seven cents (\$.07) every day in the year, the Department will accept the following procedures as proof of such transactions:

- (1) The retail merchant may determine the ratio of one cent (\$.01) to seven cent (\$.07) sales to total sales during a period of 15 consecutive days during the first quarter of the retail merchant's normal and customary sales activity throughout the year.
- (2) If a retail merchant has multiple selling locations or different kinds of selling transactions, the retail merchant may apply in advance to the Indiana Department of Revenue for permission to use a

"representative sampling of locations" at which such checks are to be made. Sufficient information to establish the fact that such locations will be "representative" of all locations will be required.

(3) The retail merchant using the sampling method must keep an accurate record of the dollar amount of unitary transactions under eight cents (\$.08) during this 15 day period. By dividing this total amount of gross sales at the locations used for the 15 day period, a percentage can be determined which the retail merchant may apply against gross sales to establish "sales not subject to the tax". This percentage factor is used throughout the balance of the calendar year in which the sampling is made.

It is important that the percentage factor be calculated from the retail merchant's actual records. These records must be maintained for 3 years plus the current year because the retail merchant will be required to substantiate the percentage factor used upon the request of the Department.

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Commissioner

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